

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re: USA Commercial Mortgage Company

Case No. 06-10725-LBR

**CHAPTER 11
MONTHLY OPERATING REPORT
(GENERAL BUSINESS CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 03/31/11PETITION DATE: 04/13/06

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).
 Dollars reported in \$1

2. **Asset and Liability Structure**

- a. Current Assets
- b. Total Assets
- c. Current Liabilities
- d. Total Liabilities

	<u>End of Current Month</u>	<u>End of Prior Month</u>	As of April 13, 2006
a.	\$653,427	\$657,935	
b.	\$653,427	\$657,935	\$122,468,825
c.	\$5,865	\$3,149	
d.	\$5,865	\$3,149	\$61,634,630

3. **Statement of Cash Receipts & Disbursements for Month**

- a. Total Receipts
- b. Total Disbursements
- c. Excess (Deficiency) of Receipts Over Disbursements (a - b)
- d. Cash Balance Beginning of Month
- e. Cash Balance End of Month (c + d)

	<u>Current Month</u>	<u>Prior Month</u>	Cumulative (Case to Date)
a.	\$0	\$0	\$40,576,057
b.	\$4,508	\$7,461	\$40,498,862
c.	(\$4,508)	(\$7,461)	\$77,195
d.	\$657,935	\$665,396	\$576,231
e.	\$653,427	\$657,935	\$653,427

4. **Profit/(Loss) from the Statement of Operations**5. **Account Receivables (Pre and Post Petition)**6. **Post-Petition Liabilities**7. **Past Due Post-Petition Account Payables (over 30 days)**

	<u>Current Month</u>	<u>Prior Month</u>	Cumulative (Case to Date)
	(\$7,224)	(\$9,770)	(\$38,360,331)
	\$0	\$0	
	\$5,865	\$3,149	
	\$0	\$0	

At the end of this reporting month:

- 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)
- 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)
- 10. If the answer is yes to 8 or 9, were all such payments approved by the court?
- 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)
- 12. Is the estate insured for replacement cost of assets and for general liability?
- 13. Are a plan and disclosure statement on file?
- 14. Was there any post-petition borrowing during this reporting period?
- 15. Check if paid: Post-petition taxes X; U.S. Trustee Quarterly Fees X; Check if filing is current for: Post-petition tax reporting and tax returns: X.
 (Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.



Responsible Individual

Date: 4/30/2011 0:00

STATEMENT OF OPERATIONS

(General Business Case)

For the Month Ended 03/31/11

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)
For the Month Ended 03/31/11

Assets

		<u>From Schedules</u>	<u>Market Value¹</u>
Current Assets			
1	Cash and cash equivalents - unrestricted		\$653,427
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	
4	Inventory	B	
5	Prepaid expenses		
6	Professional retainers		
7	Other:		
8			
9	Total Current Assets		<u>\$653,427</u>
Property and Equipment (Market Value)			
10	Real property	C	
11	Machinery and equipment	D	
12	Furniture and fixtures	D	
13	Office equipment	D	
14	Leasehold improvements	D	
15	Vehicles	D	
16	Other:	D	
17		D	
18		D	
19		D	
20		D	
21	Total Property and Equipment		<u>\$0</u>
Other Assets			
22	Loans to shareholders		
23	Loans to affiliates		
24			
25			
26			
27			
28	Total Other Assets		<u>\$0</u>
29	Total Assets		<u>\$653,427</u>

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

1 - The method used to estimate the market value of assets was net book value at the end of the current reporting period as market value has not been determined.

Liabilities and Equity
(General Business Case)

Liabilities From Schedules**Post-Petition****Current Liabilities**

30	Salaries and wages	
31	Payroll taxes	
32	Real and personal property taxes	
33	Income taxes	
34	Sales taxes	
35	Notes payable (short term)	
36	Accounts payable (trade)	A
37	Real property lease arrearage	
38	Personal property lease arrearage	
39	Accrued professional fees	
40	Current portion of long-term post-petition debt (due within 12 months)	
41	Other:	
42		
43		
44	Total Current Liabilities	\$5,865

Long-Term Post-Petition Debt, Net of Current Portion

45	Total Post-Petition Liabilities	\$5,865
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Pre-Petition Liabilities (allowed amount)¹

47	Secured claims ¹	F
48	Priority unsecured claims ¹	F
49	General unsecured claims ¹	F
50	Total Pre-Petition Liabilities	\$0
51	Total Liabilities	\$5,865

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing	\$38,932,893
53	Capital Stock	\$75,000
54	Additional paid-in capital	
55	Cumulative profit/(loss) since filing of case	(\$38,360,331)
56	Post-petition contributions/((distributions) or (draws)	
57		
58	Market value adjustment	
59	Total Equity (Deficit)	\$647,562
60	Total Liabilities and Equity (Deficit)	\$653,427

NOTE:

1 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court. The pre-petition liabilities' amounts above reflect the claimed amounts filed on Schedules.

SCHEDULES TO THE BALANCE SHEET
(General Business Case)

Schedule A
Accounts Receivable and (Net) Payable

Receivables and Payables Agings

0 -30 Days
 31-60 Days
 61-90 Days
 91+ Days
 Total accounts receivable/payable
 Allowance for doubtful accounts
 Accounts receivable (net)

<u>Accounts Receivable [Pre and Post Petition]</u>	<u>Accounts Payable [Post Petition]</u>	<u>Past Due Post Petition Debt</u>
	\$5,865	
	\$0	
	\$0	
	\$0	
	<u>\$0</u>	
	<u>\$5,865</u>	
	<u>\$0</u>	
	<u><u>\$0</u></u>	

Schedule B
Inventory/Cost of Goods Sold

Types and Amount of Inventory(ies)

Retail/Restaurants -
 Product for resale

Inventory(ies)
Balance at
End of Month

Distribution -
 Products for resale

Manufacturer -
 Raw Materials
 Work-in-progress
 Finished goods

Other - Explain

TOTAL \$0

Cost of Goods Sold

Inventory Beginning of Month

Add -

Net purchase
 Direct labor
 Manufacturing overhead
 Freight in
 Other:

Less -

Inventory End of Month
 Shrinkage
 Personal Use

Cost of Goods Sold

\$0

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes No

How often do you take a complete physical inventory?

Weekly
 Monthly
 Quarterly
 Semi-annually
 Annually

Date of last physical inventory was

Date of next physical inventory is

Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost
 LIFO cost
 Lower of cost or market
 Retail method
 Other
 Explain

Schedule C
Real Property

Description	<u>Cost</u>	<u>Market Value</u>
Total	\$0	\$0

Schedule D
Other Depreciable Assets

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	\$0	\$0
Furniture & Fixtures -		
Total	\$0	\$0
Office Equipment -		
Total	\$0	\$0
Leasehold Improvements -		
Total	\$0	\$0
Vehicles -		
Total	\$0	\$0

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
Federal					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
Total Federal Taxes	\$0	\$0	\$0	\$0	\$0
State and Local					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$0	\$0	\$0	\$0	\$0
Total Taxes	\$0	\$0	\$0	\$0	\$0

Schedule F
Pre-Petition Liabilities

List Total Claims For Each Classification -

	<u>Claimed¹ Amount</u>	<u>Allowed² Amount (b)</u>
Secured claims (a)		
Priority claims other than taxes		
Priority tax claims		
General unsecured claims		

- (a) List total amount of claims even it under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>	<u>Account 5</u>
Bank	Bank of America				
Account Type	Analyzed Checking				
Account No.	2383				
Account Purpose	General				
Balance, End of Month	\$653,427				
Total Funds on Hand for all Accounts	\$653,427				

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

NOTES:

- 1 - Claimed Amounts reflects amounts filed on schedules and is subject to change as proof of claims are filed and further pre-petition invoices are identified.
- 2 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended 03/31/11**

		<u>Actual</u> <u>Current Month</u>	<u>Cumulative</u> <u>(Case to Date)</u>
Cash Receipts			
1	Rent/Leases Collected		
2	Cash Received from Sales		\$7,861,555
3	Interest Received		\$559,259
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		\$5,000
6	Capital Contributions		
7	Management Fees from USA Capital Realty Advisors, LLC		\$1,564,093
8	Tax, Security Deposit, and Other Refunds		\$8,929
9	Principal Received on Notes Receivable		\$82,832
10	Escrow Deposit/Sale Proceeds/Effective Date Transfer		\$30,494,389
11			\$0
12	Total Cash Receipts	<u>\$0</u>	<u>\$40,576,057</u>
Cash Disbursements			
13	Payments for Inventory		
14	Selling		\$2,619
15	Administrative	<u>\$1,874</u>	\$1,059,010
16	Capital Expenditures		
17	Principal Payments on Debt		\$150,645
18	Interest Paid		\$4,888
19	Rent/Lease:		
20	Personal Property		\$9,963
21	Real Property		\$569,426
22	Amount Paid to Owner(s)/Officer(s)		
23	Salaries		
24	Draws		
25	Commissions/Royalties		
26	Expense Reimbursements		
27	Other		
28	Salaries/Commissions (less employee withholding)		\$1,740,393
29	Management Fees		
30	Taxes:		
31	Employee Withholding		\$213,091
32	Employer Payroll Taxes		\$94,063
33	Real Property Taxes		
34	Other Taxes		\$78,889
35	Other Cash Outflows:		
36	Professional Fees Paid in Connection with Chapter 11 Case	<u>\$2,634</u>	\$19,761,192
37	U.S. Trustee Quarterly Fees		\$73,950
38	Escrow Deposit/Interpleader Settlement/Transfer to Trustee		\$9,709,591
39	DTDF & PBGC Settlement		\$7,031,142
40	Total Cash Disbursements:	<u>\$4,508</u>	<u>\$40,498,862</u>
41	Net Increase (Decrease) in Cash	<u>(\$4,508)</u>	<u>\$77,195</u>
42	Cash Balance, Beginning of Period	<u>\$657,935</u>	<u>\$576,231</u>
43	Cash Balance, End of Period	<u>\$653,427</u>	<u>\$653,427</u>

STATEMENT OF CASH FLOWS
 (Optional) Increase/(Decrease) in Cash and Cash Equivalents
 For the Month Ended 03/31/11

		<u>Actual</u> <u>Current Month</u>	<u>Cumulative</u> <u>(Case to Date)</u>
	Cash Flows From Operating Activities		
1	Cash Received from Sales		\$7,861,555
2	Rent/Leases Collected		
3	Interest Received		\$559,259
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		\$2,619
6	Cash Paid for Administrative Expenses	\$1,874	\$1,059,010
	Cash Paid for Rents/Leases:		
7	Personal Property		\$9,963
8	Real Property		\$569,426
9	Cash Paid for Interest		\$4,888
10	Cash Paid for Net Payroll and Benefits		\$1,740,393
	Cash Paid to Owner(s)/Officer(s):		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16	Employer Payroll Tax		\$94,063
17	Employee Withholdings		\$213,091
18	Real Property Taxes		
19	Other Taxes		\$78,889
20	Cash Paid for General Expenses		
21	Management Fees from USA Capital Realty Advisors, LLC		(\$1,564,093)
22	Tax, Security Deposit, and Other Refunds		(\$8,929)
23	Principal Received on Notes Receivable		(\$82,832)
24			\$0
25			
26			
27	Net Cash Provided (Used) by Operating Activities before Reorganization Items	(\$1,874)	\$6,304,326
	Cash Flows From Reorganization Items		
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case	\$2,634	\$19,761,192
30	U.S. Trustee Quarterly Fees		\$73,950
31	Escrow Deposit & Settlement/Sale Proceeds/Effective Date Transfer/Settlements		(\$13,753,656)
32	Net Cash Provided (Used) by Reorganization Items	(\$2,634)	(\$6,081,486)
33	Net Cash Provided (Used) for Operating Activities and Reorganization Items	(\$4,508)	\$222,840
	Cash Flows From Investing Activities		
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	Net Cash Provided (Used) by Investing Activities	\$0	\$0
	Cash Flows From Financing Activities		
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		\$5,000
40	Capital Contributions		
41	Principal Payments		\$150,645
42			
43	Net Cash Provided (Used) by Financing Activities	\$0	(\$145,645)
44	Net Increase (Decrease) in Cash and Cash Equivalents	(\$4,508)	\$77,195
45	Cash and Cash Equivalents at Beginning of Month	\$657,935	\$576,231
46	Cash and Cash Equivalents at End of Month	<u>\$653,427</u>	<u>\$653,427</u>

USA Commercial Mortgage Company
Question 9 - Payments to Professionals
March 1, 2011 - March 31, 2011

	Total Paid During Month
Dorsey & Whitney LLP	\$ 2,633.84
Total Fees & Expenses	<u>\$ 2,633.84</u>